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SUBJECT: NORTHERN MEXICO: LABOR UNIONS COMPETE AMONG THEMSELVES

¶1. SUMMARY: If the northern Mexican states of Nuevo Leon (which includes the major industrial city of Monterrey) and Coahuila are any indication, labor relations in that part of Mexico are marked by a general sense of cooperation between the unions and the region's larger private and public employers. In recent meetings with the regional leadership of several national unions, Embassy Mexico City's Labor Counselor was repeatedly told of how closely unions work with employers to amicably resolve labor related issues. The general peace that prevails in relations between unions and employers does not appear to exist to the same degree between the unions themselves. The national unions represented in northern Mexico compete among themselves to provide their members with social services. This competition is in part a move to fill the gap between the level of services provided by all levels of the Mexican government and what the workers say they need to improve their quality of life. On another level, the competition between unions has all the aspects of a low intensity struggle for political power. At present this struggle is well, contained but at some point it could impact general relations between management and labor should the unions feel the need to obtain increased resources to show their members which of them is the better provider. END SUMMARY.

MEETINGS WITH PRIVATE AND PUBLIC SECTOR LABOR UNIONS

¶2. Embassy Mexico City's Labor Counselor recently visited the northern Mexican states of Nuevo Leon and Coahuila to, among other things, observe the state of labor relations in that part of Mexico. These two states account for a substantial portion of Mexico's industrial production and are the recipients of large amounts of foreign investment, a significant majority of which originates in the US. Over the course of a three-day visit Labor Counselor met with the regional leadership of several national unions in both the public and private sectors.

¶4. During this visit Embassy Labor Counselor met with heads of two of the country's larger private sector labor federations; the Confederation of Mexican workers (CTM) and the Revolutionary Confederation of Workers and Peasants (CROC). The CTM is the largest organized labor association in Mexico, roughly comparable to the AFL-CIO. The CROC is perhaps Mexico's third largest labor association and is particularly strong in the hotel and food service industries. Labor Counselor also met with representatives of two of the

larger public sector labor unions; the Sole Union of Electrical Workers of Mexico (SUTERM) and the Railroad Workers Union of Mexico (STFRM). Technically speaking the SUTERM is not the sole electrical workers union but it is, by far, the larger of two such unions in Mexico. Moreover, as the railroads in Mexico are no longer public, the STFRM is not really a public sector labor union but it began as one and still functions as if it had a single national employer.

ALL QUIET ON THE LABOR FRONT

15. All of the above mentioned labor organizations are officially tied to Mexico's former ruling political party, the Institutional Revolutionary Party (PRI). In the past, these ties to the PRI, previously the official government party, helped insure that affiliated labor unions received favorable hearings with the Mexican government which in turn would intercede on their behalf with both public and private employers. Perhaps because of the size and vitality of the private sector in northern Mexico (particularly in the states of Nuevo Leon and Coahuila) government and party support for the unions there was not as significant a factor as in other parts of Mexico. Broadly speaking, it can be said that the business of northern Mexico is business and this prevailing attitude among both labor unions and employers has long been an underlying factor in the general labor peace that exists in this part of Mexico.

16. Without exception, all of the union leaders with whom post's Labor Counselor met unequivocally stated that they had good and cooperative relations with the region's

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employers. The labor leaders often underscored an awareness, both by them and their union members, on the need to help employers reach company productivity goals. Moreover, most of the union leaders praised the regions' employers for their cooperative attitude with respect to investing in worker training. There is no question that the union leaders who met with Embassy Labor Counselor understood that Mexican businesses had to be prepared to compete globally if they hoped to survive and grow. Given the broad sense of shared interests described by these union leaders, it is difficult to envision a situation in that part of northern Mexico that might lead to protracted labor unrest.

THE REAL COMPETITION IS BETWEEN THE UNIONS THEMSELVES

17. The quiet labor situation that exists between the unions and the regions, employers notwithstanding, all is not sweetness and light on the labor front. Since the regions' labor unions have effectively ruled out for now any actions that might create difficulties for employers, they appear to have turned their competitive energies against each other. This seems to be particularly true in the case of the CTM and the CROC where both regional and national trends may be factors in the competition that exists between these unions.

18. As noted above, in the past, all of the unions with whom Labor Counselor met were closely tied to the PRI, Mexico's former ruling party. When the PRI lost power in 2000, its ability to provide for its supporters (in terms of money, political protection and patronage) declined sharply. Consequently, labor unions (both regionally and nationally) that previously counted on the party/government for preferential treatment and support now had to fend for themselves in a broad range of areas. This prompted some unions to reassess their relationship with the PRI. Officially the CTM, CROC, SUTERM and STFRM are all still part of the PRI however their degree of party commitment varies.

¶9. The CTM and the Railroad Workers Union (STFRM) are still committed to the PRI 100 percent. The SUTERM (at least in northern Mexico) appears much more interested in avoiding privatization by helping Mexico's largest electric utility company increase productivity than in any type of politics. The real question mark among these unions is the CROC. In Mexico's 2006 presidential elections the CROC's national union leader openly campaigned not for the PRI's candidate but rather for the candidate of the Party of the Democratic Revolution (PRD). The PRD candidate lost the election but only by a hair and the PRD emerged from the contest as Mexico's main opposition party. Since then the CROC at the national level has taken a position of greater independence from the PRI and that sentiment seems to have filtered down to the unions, offices in northern Mexico.

WHAT THE UNIONS HAVE TO OFFER

¶10. For the most part, the unions in Nuevo Leon and Coahuila are satisfied with the wages and benefits they have gained for their members and seem generally unwilling to press employers for more in these areas. Instead they have taken it upon themselves to improve the quality of life of their members by offering them more and better social services than they currently receive from almost any level of the Mexican government. All of the unions, to varying degrees, now offer their member and the members, families a range of health; education, recreational and retirement benefit services. With the exception of retirement services, most of these benefits are generally supported by the unions, own funds.

¶11. All of the union representatives with whom post's Labor Counselor met described student scholarship programs that were almost identical. In other areas, however, the unions are focusing their effort on differing areas. The CROC is focusing on youth sports and education; it even claims it is well on the way to forming its own university. The CTM is concentrating on sports in general and on a variety of health care services; it claims to operate the only union-run substance abuse treatment center in Mexico. SUTERM is working in the area of family recreation and better retirement services. The STFRM has devoted all of its

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resources (not counting its scholarship program) to providing retirement services benefits to its former members and their families.

COMMENT: WHAT DOES IT ALL MEAN

¶12. In talking to labor leaders in northern Mexico, the competition between the unions has many of the aspects of a low intensity struggle for political power. The unions claim that modern labor movements have to be as concerned about what happens to the workers off the job as about what happens to them on the job. None of the leaders seemed to feel that any level of the Mexican government would be able to provide the type of social services the workers needed to improve their quality of life so all of them had taken it upon their organizations to fill the gap. That said, one did not have to look very deep or listen for very long to see that the unions all hoped to do well (politically) by doing good. At present, their competition to provide workers with better social services and thereby increase their political standing seems very well contained. However, it is not hard to foresee a situation where competition among unions will shift the dynamic away from providing members with expanded social services and back to the getting increased wages and benefits from employers.

¶13. This message was cleared with AmConsul Monterrey.

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